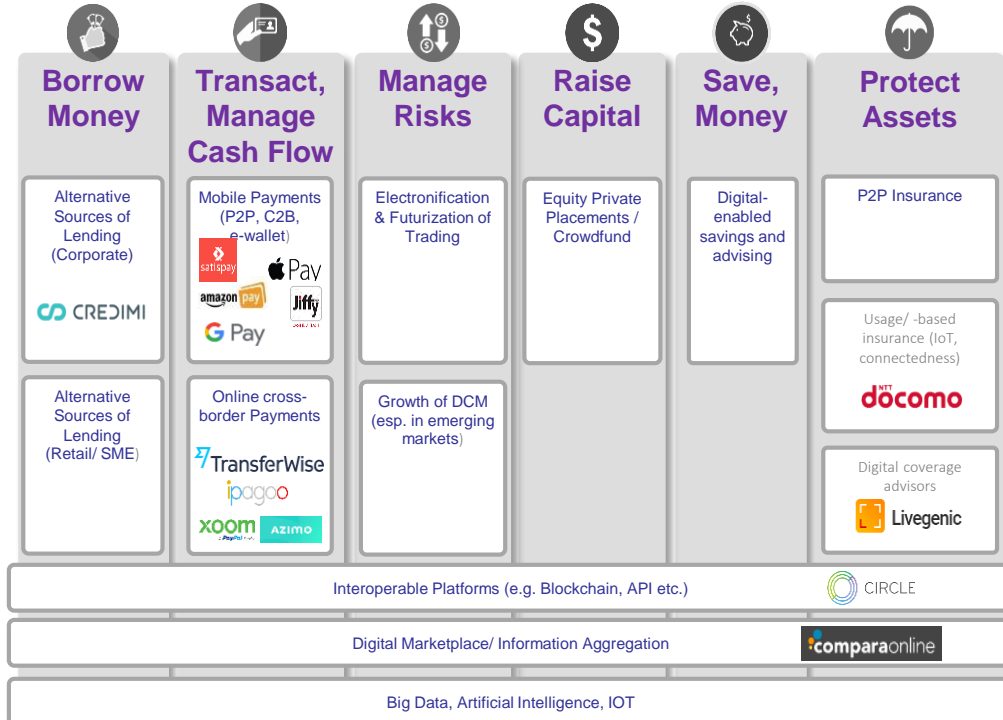


Financial Services



Financial sector is under disruption with new Fintechs entering in all market segments

Technology Revolution



Regulatory Revolution

TOPICS

IMPACTS

Payment Market

- Payment Service Directive 2 (PSD2) increasing competition in payments, forcing banks to open access to bank accounts
- SEPA for instant payments: EU Automated Clearing House for Instant payments (<10 secs) fully interoperable between EU banks

Data Protection

- New EU General Data Protection Regulation (GDPR) will increase privacy for individuals
- Definition of personal Data: genetic, mental, cultural, economic, social identity
- Obtaining consent for processing personal data

- Disintermediation of banks and introduction of two new regulated market figures, AISPs and PISPs¹
- Reduction of Paper Based payments increasing Mobile User Experience
- Migration to cheapest IBAN based payments vs credit card

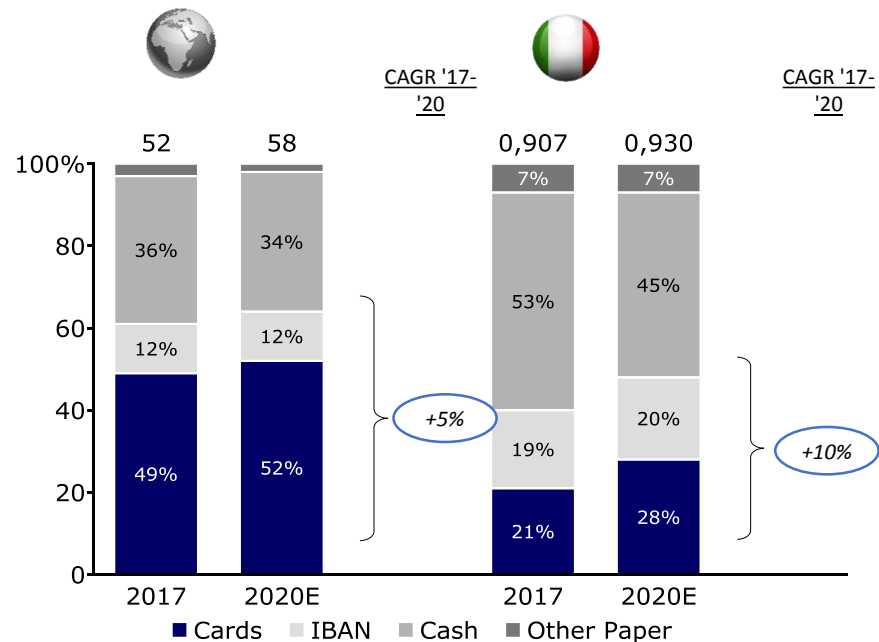
- Introducing of Data Portability (interoperability between companies)
- Right to receive a copy of own personal data, to transmit data to another controller without hindrance and require direct transmission btw controllers

¹ AISP=Account Information service provider; PISP = Payment Initiator service provider

Payments digitalization just started in Italy and is expected to boom in the next few years

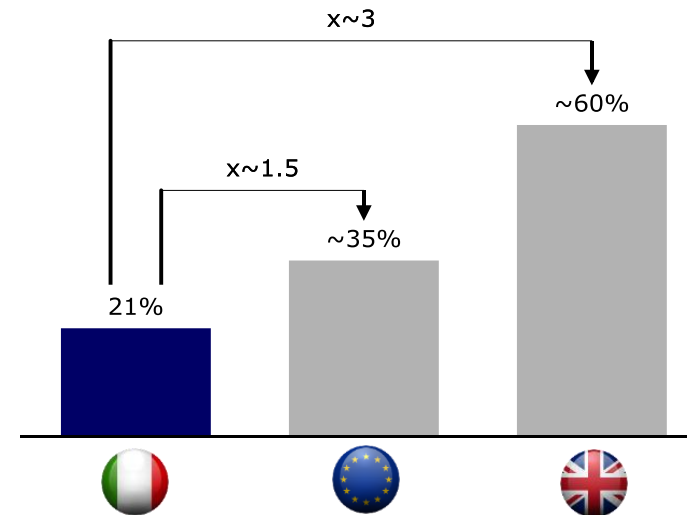


Retail payments transaction value by payments method (T€)



In Italy still over 40% transactions paper-based, but digital transactions expected to grow faster in Italy

Percentage of card based transaction value (2017)



Significant gap in Italy in terms of card usage vs other European countries and best practices

Note: WW Data account for UK, US, Canada, China, Japan, Brazil, France, Germany, Netherlands, Italy and Spain (~75% of global transactions reported)
Source: ECB, Interbank Card Center, Euromonitor, Banca d'Italia, Bain analysis

Enel, one of major global billers, has a unique position and scale to enter payments market



Sizeable ITALIAN captive base



High costs to tackle

- 200#M transactions at Italy level, 30M€ enel costs and 175M€ customer fees



E-Mobility development

- +12#M "charging events" *as 2022 target



Entering customers' home

- ~2#M Maintenance & Repair customers by 2022*

And potential for non captive



Network

- Long term relation with government and PA speeds up new customers capture



Capillary presence

- >30M customers + enel X growth enabling capillary access to majority of Italian population



Exploitable platforms

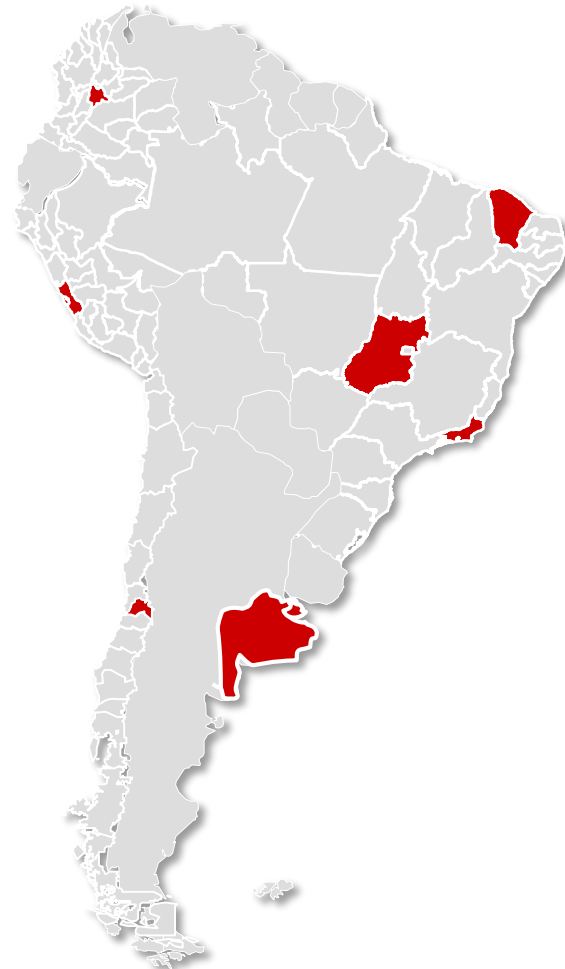
- Active systems/projects (e.g. e-go, enelmia,..) providing valuable know-how

enel as only national player with large enough scale to intercept also other billers' transactions, being the largest in the energy industry, while other sectors more fragmented

Enel has already a tangible starting point in Financial Services in LatAm



Enel regions of activity
KPIs related to enel payment transactions in LatAm



COLOMBIA

28M transactions
4M€ commissions

3.3M energy customers	Credit	Insurance
Total Units	850K Cards	864K Policies
Penetration	26%	27%
Revenues	11M€	12M€
Net margin %	42%	28%

PERU

16M transactions
3M€ commissions

1.4M energy customers	Credit	Insurance
Total Units		197K Policies
Penetration		12%
Revenues		0.7M€
Net margin %		73%

CHILE

17M transactions
2M€ commissions

1.7M energy customers	Credit	Insurance
Total Units		32K Policies
Penetration		2%
Revenues		0.6M€
Net margin %		65%

LATAM

175M transactions
20M€ commissions

~18M energy customers	Credit	Insurance
Total Units	850k Cards	1.5M policies
Penetration	26%	11%
Revenues	11M€	17M€
Net margin %	42%	32%

BRAZIL

93M transactions
19M€ commissions

8.9M energy customers	Credit	Insurance
Total Units		373K Policies
Penetration		4%
Revenues		4M€
Net margin %		31%

ARGENTINA

21M transactions
2M€ commissions

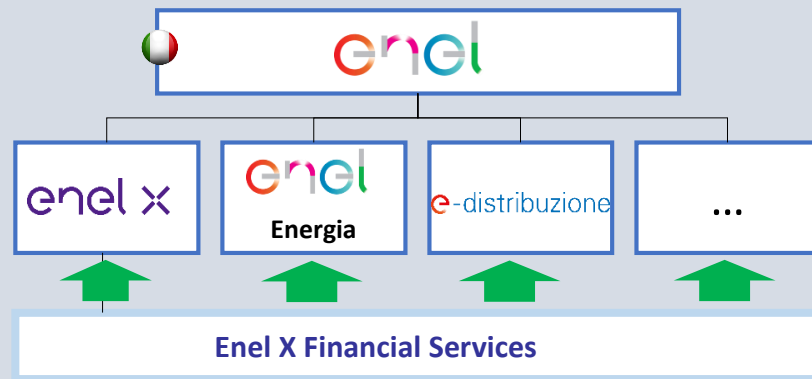
2.5M energy customers	Credit	Insurance
Total Units		
Penetration		
Revenues		
Net margin %		

Note: **Insurance data as of Forecast 2017; Colombia credit as of YE 2016**; Note: penetration calculated as active cards/ policies on energy customers in Countries where financial offer in place; net margin (after taxes) as a percentage of Enel revenues (assumed 25% tax rate in Peru and Chile); penetration in Brazil includes Goias

The Enel infrastructure for payment and collections

CARACTERISTCS

- Company dedicated to financial services
- The Mission is to offer to the other Enel Group Companies digital solution infrastructure for financial services
- **Agile and lean structure** (~15-20 FTE), strongly focused to business, able to interact with the other enel group stakeholders and time to market delivery, with minimized financial requirement.
- **Segregation of risks and vigilance of Bank of Italy**

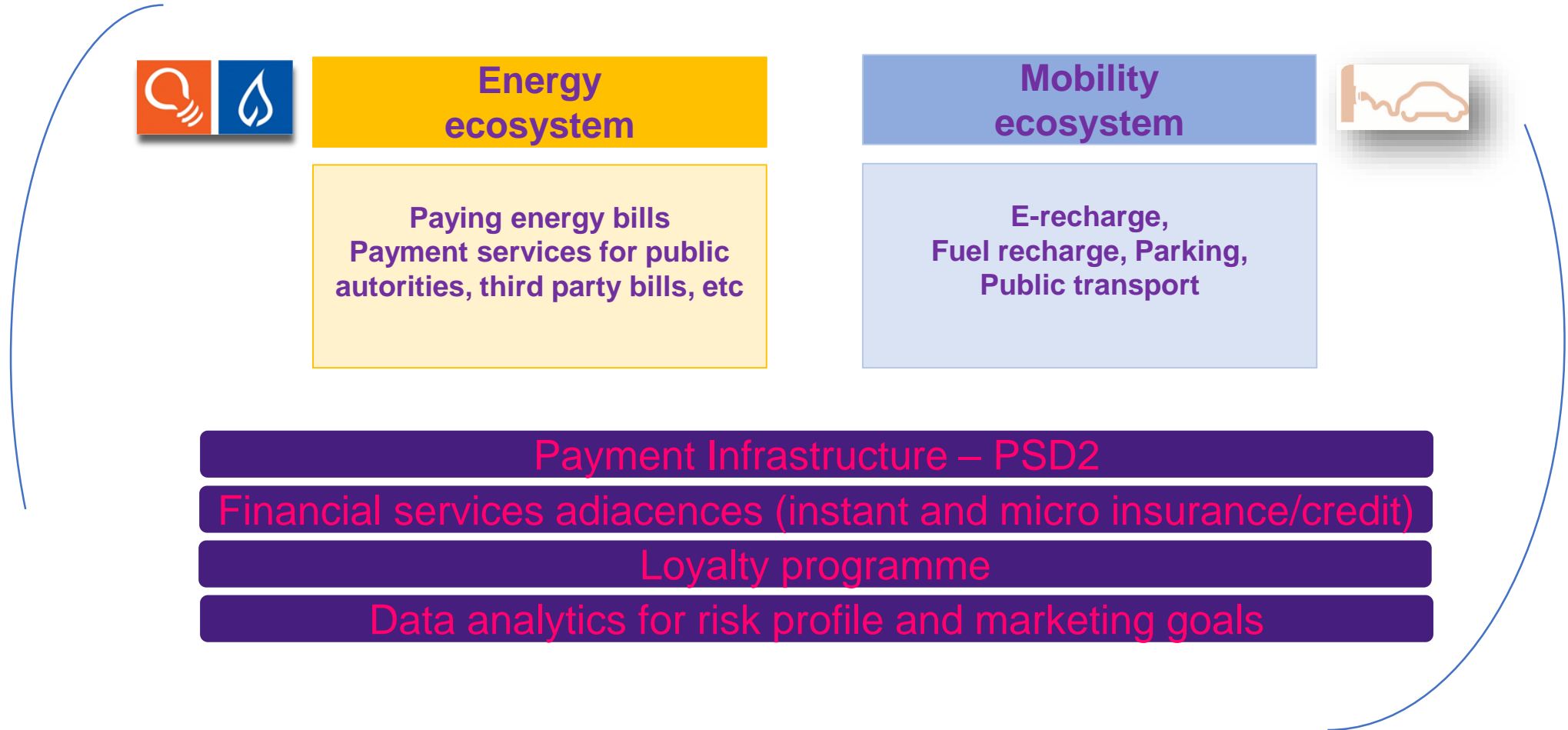


POTENTIAL BENEFITS

- Enabler of new products and new business models in the interest of the Enel Group companies
- Integration of different Enel group customer base, in respect of new GDPR regulations, by leveraging on **strong customer authentication requirements** (Enel ID)
- **Transactional costs optimization**
- **Development of other adjacent services in the financial area** (e.g. instant and micro insurances)

Open integration model

The pillars of the growth strategy



The challenges

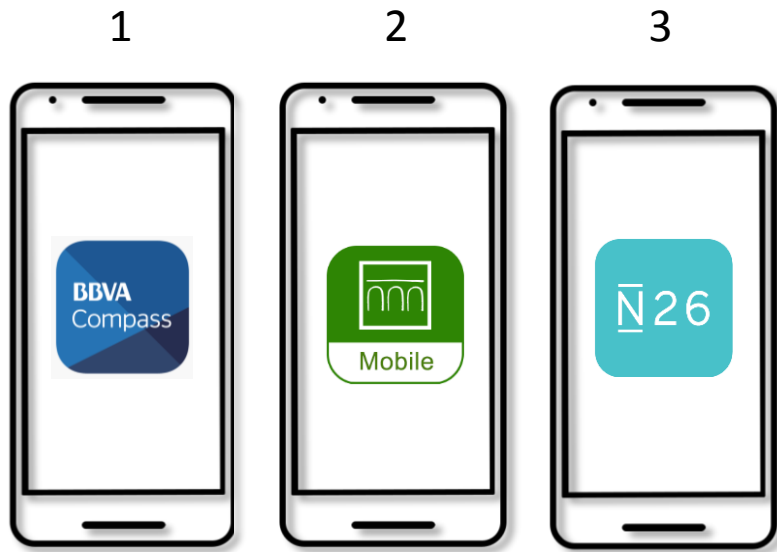
The current **financial environment** and more and more the post-PSD2's one, is **shocking the clients offering** and the related tools to access them (APPs or other web tools), **making the customer experience key winning factor.**

Enel X Financial Services aims to maximize opportunities coming from the digitalization focusing on 2 main streams:

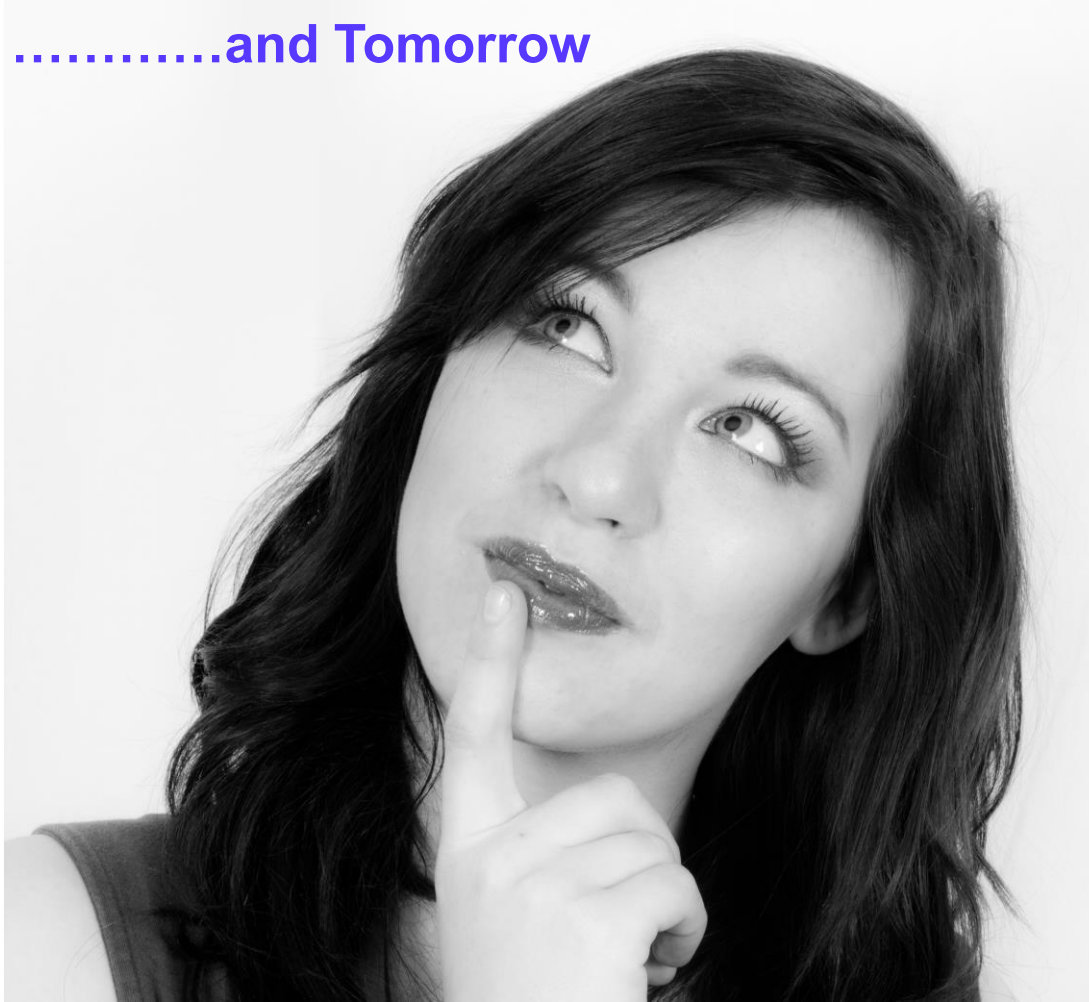
- **Simplify the users experience** for energy related services
- Become the central **aggregator of all mobility ecosystem**

Challenge 1. Proliferation of financial digital solutions

.....and Tomorrow

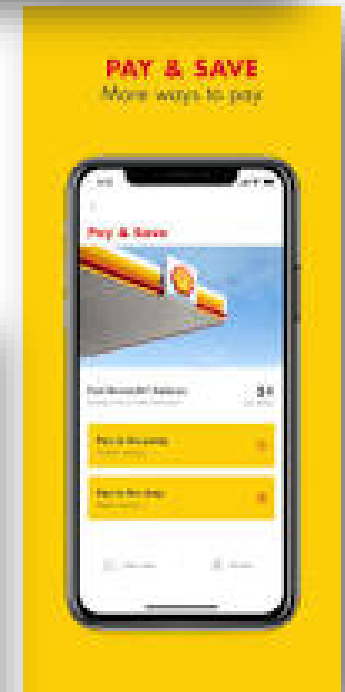


My experience today.....



How to be
distinctive

Challenge 2. Lack of interoperability between platforms



Connect different and stand alone platforms



**Aggregate
fragmented
mobility
services**

Challenge 4. The new kid on the blocks: the PSD2.

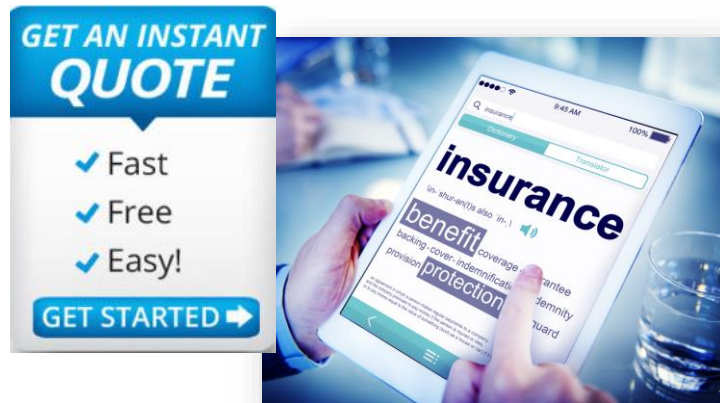
**How to attract
users,
collect and classify
their data....**



**... and gain trust
and
confidence !**

Enel X Financial Services

Challenge 5. Maximize value from data to elaborate instant customized solutions



PSD2»



Leverage on PSD2 capabilities to understand customer risk profile

Thank you!